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Title:

Release of talk to the Registered Tax Agents' Association: Development in South
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SECRETARY (ADMINISTRATION) FOR INFORMATION

RELEASE OF TALK BY R.D. BAKEWELL TO THE REGISTERED TAX
AGENTS' ASSOCIATION - MAY 5TH, 1972.

DEVELOPMENT IN SOUTH AUSTRALIA

Thank you very much for having invited me here today to talk to you on aspects of development. Development is a very "in" word at the moment - people either talk development or environment, and the two concepts seem to clash. To some the word "development" has tended to be a mystic cypher which will unlock instant wealth to the State.

This interpretation of development is of course naive. However a swing too far in the opposite direction would contradict our whole pattern of living. The social costs of stopping all development could exceed the dangers of indiscriminate exploitation of resources. Because the Government has a responsibility to set the rules for resource use in the community it created a new Department of the Premier and of Development late last year. This was done by amalgamating Industrial Development, the Tourist Bureau, Immigration, and the existing Premier's Department.

You will agree, I am sure, that deciding how one acts at any one time is the heart of Government, while the method of arriving at decisions is crucial to the quality of the Government and the administration which supports it. This is perhaps one of the main reasons why Governments all over the world have created groups of people to develop policy in the area of general Government development. This has long been the practice in the Commonwealth where policy units have operated in Departments such as Treasury, Trade and Industry, the Prime Minister's, etc. It is the role of the new Department of the Premier and of Development to co-ordinate development within the State so that policy of Government in development can be put into effect in an orderly manner. Consequently, the Department can be considered the nerve centre of the Government's development thinking, and with this in mind I think you are entitled to a brief outline of its structure.

At the top is the Minister, who in this case is the Premier, the Minister of Development and Mines. As the Minister responsible and the representative of the electorate, he is the ultimate decision-maker. Below the Minister you have a Permanent Head, who in this case is myself, responsible to the Premier for the effective development of policy proposals within the Department, and to the Public Service Board for the manpower and efficiency of its operation.

The Department has three main divisions, the Industrial Development Division, the Tourist Bureau Division, the Administration Division; and two major service units, the Policy Secretariat and the Economic Intelligence Unit; and two operative branches - Immigration and Publicity.

The Industrial Development Division's function is to assist the establishment in this State of a fully integrated, expanding and diversified secondary industry complex. It endeavours to attract new industries to the State, to improve the competitive ability of existing industries and assist them with expansion programmes, and to co-ordinate where necessary the efforts of other Government agencies or authorities where they are involved in fields associated with industrial development.

The Administration Division is self-explanatory - it is the link unit in the organisation which helps it to function smoothly. It includes, as you would expect, accounts, correspondence, organisation and methods, but in addition has for the present the responsibility for publicity and immigration branches mentioned previously.

The Tourist Bureau Division has as its base the development and promotion of tourism in South Australia, with the emphasis on the planned development of existing and potential tourist resources. This unit will shortly be going out into the market place for business - previously it waited for people to come to it.

The Economic Intelligence Unit was created to enable both the Premier and the Permanent Head of the Department to be kept informed of major economic trends in the economy. It can thus provide an economic advisory service for use within this and other Departments.

The Policy Secretariat's basic role is to research and develop guidelines for assessment of policies which have been initially proposed by the Government - in other words, it attempts to provide objective analysis and various points of view, which are divorced from the day-to-day ministerial discussion or party politics. In this way an unbiased interpretation can be placed on matters requiring Governmental consideration.

It is with these kinds of problems in mind that the Government formed the Department of the Premier and of Development. Basically, the re-organisation that has created this new Department was designed to ensure that the broad framework of Government policy is implemented in some systematic manner. The idea of the new structure is to have a wider range of alternatives examined than those which are normally dealt

with in the political process of departmental formulation. In other words, the changes that have occurred place emphasis on long-range planning rather than muddling through. The new outlook enables the public servant administrator to take into consideration the consequence of policy decisions, and therefore brief his Minister more thoroughly. For example, it will be readily accepted that the locations of many industries are heavily dependent on the structure of freights. Any change in railway or road freights could produce changes and comparative advantages in ways that are hard to predict, for many communities and interdependent industries. The policy-makers in the development area should consider and advise on such factors. A further example would be in the search for development sites for new modular cities outside the metropolitan area. Somewhere along the line an analysis of the social consequences of these new communities and their likely work-force is needed, together with an assessment of the education and services infrastructure requirements. The new Department acts as a catalyst in such circumstances.

Let us move from the actual functions of the Department to its aims and objectives. In a Department whose central concern is development, one of the major problems to be faced is the problem of our State's resources, and these include usable land, water, minerals and manpower. People are gradually realising that the resources available for both public and private uses have not increased rapidly enough either to satisfy the rising demands in the community, whether private or public, or to maintain this State's position relative to the States with better natural resources without special financial assistance, e.g. the Grants Commission.

I think you will accept that the new concept of public service management can have significant value in providing for a more systematic approach to policy formulation. One accepts that advice on policy has in the past been given, and probably received, on the basis of experience, intuition or hope. Many political decisions have tended, therefore, to be one off, disconnected and even crisis-orientated. I think it is fair to say that in the past Departmental officers tended to present prepackaged deals to Ministers with the consequential danger of the Minister making the decision on superficial evidence, rather than on all aspects of the subject, and with little regard for their inter-relationships with other Government Departments. I think as people dealing with businessmen, and some of you being businessmen in your own right, you will agree that this is hardly satisfactory.

The realisation that in the area of development it would be desirable to enable decision formulation to occur in consort with other administrators operating in the related areas has been growing for some time. We are no longer able to ignore the dramatic increase in the rate of technological and other forms of change, which means that events are moving at an explosive pace. Therefore, one of the functions of the Department of the Premier and of Development is firstly to identify alternative methods of action and to make an assessment of the development programmes and then to move to co-ordinating their implementation once final Governmental decisions have been made. This is where the Policy Secretariat and the Economic Intelligence Unit tend to come into their own.

Up till June 1970, no policy unit existed in the Premier's Department in South Australia and, in fact, let's not forget that the Premier's Department itself is of relatively recent origin. Many State Departments, however, had Research Officers working under the direction of top management, undertaking research projects of a policy nature. The Highways Department and the Department of Labour and Industry are good examples of this concept. High quality work is being undertaken in such units, providing Permanent Heads with data and information required, for policy formulation as it relates to a particular area. These units also assist in the preparation of briefs for international meetings and interstate conferences.

Thus we had plenty of evidence of the value of a unit to examine and co-ordinate policy formulation by a careful and systematic analysis of alternative proposals which could give effect to the aims of a Government.

The Policy Secretariat undertakes research, makes investigations and prepares reports for the Premier, Cabinet or the Permanent Head. It also services the various sections of the Department. It acts as a catalyst and looks at long term planning, within the strategy aims of Government, as well as giving careful systematic analyses of objectives.

Turning now to the Economic Intelligence Unit. This Unit is of relatively recent origin, having only commenced its function on January 4th of this year, although previously the officers in it were providing an economic and statistical service to the Industrial Development Division of the Department.

As stated previously, the role of Government has been changing substantially during the last 10-15 years. It is now held responsible by public opinion for the standard of its economic performance in all directions. Not only do Governments

set out to achieve macro-economic objectives such as a satisfactory rate of growth in the gross State product, full employment, and reasonably stable prices, but it is expected to intervene in the economy for all sorts of reasons.

Some examples are:--

1. To take whatever action is practicable to sustain a high degree of economic activity in the State.
2. To encourage production and export of products of a primary or secondary nature to other States or overseas.
3. To make submissions to Federal Authorities on behalf of important local industries when they may be adversely affected by Commonwealth policies, e.g. wine duty, high sales taxes on cars and appliances, Tariff Board hearings.

Whatever happens, therefore, in the economy, the State Government must be ready to say what they think about it and what they propose to do about it if they have the capability. An example of this is when the Commonwealth releases its figures on unemployment, the Government is expected to make some intelligent comment on the economic consequences of what has occurred. In speeches, in answers to Parliamentary questions, on TV interviews, press conferences, etc. Ministers are facing an increasing responsibility to interpret and place facts before the public. Consequently, State economic policy, from being general and limited in scope, has now become more specific and all-embracing. While the Treasury section of the State Government provides Ministers with what may be termed the Treasury point of view in the area of control and advice on economic accounting, the Economic Intelligence Unit is required to interpret and advise on alternative approaches to economic policy.

The business of Government is becoming much more extensive, more complex, and in consequence, in need of more specialised advice. The administrative machine behind Government has much more in common with the large scale business organisations than many people care to admit. The task of co-ordinating policy and ensuring that it proceeds on common assumptions and in accordance with common roles and priorities, has become at once more difficult and more necessary. It is with this in mind, of course, that the Department was created as a co-ordinating unit. Both the Policy Secretariat and the Economic Intelligence Unit play a most significant and important role. It is not only that there are more decisions to be taken but also in these decisions, the policy formulation and the economic

The very change that is occurring in the organisational structure of Government creates a need for advice on a continuing footing, and this is the basis of the creation of the Economic Intelligence Unit. A major part of the brief prepared for the Premiers Conference in Canberra earlier this year originated in this unit, as did the Government's policy and thinking on migration, also presented in Canberra, while the policy sections of the brief for the Housing Ministers Conference in Hobart also came from this Unit.

It is also significant that the decisions which are made on the recommendations of the Government's advisers are, like business decisions, becoming more and more quantitative. Governments, because they are asked to take more responsibility, have to know much more about the decisions they are making. They can no longer be content for information to reach them as a byproduct of other administrative functions, and therefore administrators involved in decision-making processes of development frequently need to collect original data, and in consequence perhaps plague us all with surveys, censuses and statistical returns.

The Government has stated on a number of occasions, its aim of encouraging economic development in South Australia is on the basis of providing security of employment. This is of course our aim, but not the sole aim. It was once enough to know the direction the development would take - it is now necessary to be more precise and specify the path which this development will follow, how fast the change will be, and how big the change will be in achieving the development proposed. So, policy is quality of life coupled to development, but not development for development's sake.

It has long been Government policy to provide services, give incentives, etc. to existing industry and find new secondary industries, especially those with markets interstate and overseas - but there is now also more emphasis being placed on the need to develop the tourist industry, both to provide employment especially in rural areas of the State, and also to provide capital inflow to the State which will generate a further inflow of funds from tourists. In thinking of development one must be realistic because as things stand at the moment, the State lacks some of the simple physical resources (including land area) needed to support populations anywhere near Sydney's or Melbourne's size. However, it is fortunate that size does not necessarily mean quality, and therefore South Australia's stability and prosperity must be built on technological know-how if it is going to operate successfully within the confines of its physical limits. When we talk of

development and, say talk of tourism for example, we are providing a two-sided development, one which improves the life of the citizens, as well as providing the basis of employment in industries and accommodation fields which are not heavily dependent on interstate markets. We realize though that any direct tourist development is going to have an effect upon our total environment. Consequently, the developers have to ensure that whatever is done to develop is undertaken in such a way as not to destroy or detract from what is there at the moment, and this is where the planning and careful evaluation of policy such as the Department of the Premier and of Development hopes to achieve, come in.

Another area of increasing importance is that of urban development. It is essential that the tragedies that have occurred in Sydney and Melbourne do not now occur in Adelaide. This means that the Department of the Premier and of Development will have to come up with recommendations to Government about where the emphasis in spending is to be put. Urban planners say that the urban sprawl is undesirable, that the creeping sprawl of suburbs tends to escalate the costs of providing services such as water, sewerage and electricity, while in turn requiring the commuters to spend more time in travelling to work. Again this means that the co-ordinating Department will have to be alert to the implications of the recommendations and points of view that it puts forward for consideration by Ministers.

To sum up, development covers many areas: of urban renewal, urban development, industrial policy and development, tourist development, attitudes to the migration intake, etc. to mention a few. Therefore, I think you can see that the word "development", as mentioned right at the beginning of this paper, is a very crucial one, and I suggested then that it was used as a catchword or a slogan. I don't think it is a catchword - I think it is a word that has significance for people, whether they live in Kent Town or Ingle Farm, Elizabeth or Christies Beach. Development means many things - to many different people - including restaurants at Windy Point, a Festival Theatre in the parklands, a vast office block in the centre of the city, a new industry, a new town, or a new national park, etc.

So it is not just a catchword, it is a word with basic significance to our society. And like all powerful forces, it is, to use a well-worn cliché, a good servant, but a bad master. Coupled with the drive for development must be a

careful evaluation of all possible alternatives. It is the Government's role to make, hopefully, the right decision - and it is the role of Departments like that of the Premier and of Development to provide the background for that decision.

DEPARTMENT OF THE PREMIER
AND OF DEVELOPMENT

ADELAIDE, 5TH MAY, 1972.